

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**NASHVILLE, TENNESSEE**

March 25, 2002

**IN RE:**

**ADVANTAGE INVESTORS  
MORTGAGE  
CORPORATION**

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) **TRA DOCKET NO. 01-00916**  
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**ORDER APPROVING SETTLEMENT AGREEMENT**

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This matter came before the Tennessee Regulatory Authority ("Authority" or "TRA") at a regularly scheduled Authority Conference held on February 5, 2002, for consideration of a proposed Settlement Agreement between the Consumer Services Division of the TRA (the "CSD") and Advantage Investors Mortgage Corporation ("AIM") for violations of the Tennessee Do-Not-Call Telephone Sales Solicitation statutes, Tenn. Code Ann. § 65-4-401 *et seq.* The proposed Settlement Agreement is attached hereto as Exhibit A.

Tenn. Code Ann. § 65-4-404 and Tenn. Comp. R. & Regs. 1220-4-11-.07(1) prohibit persons and entities from knowingly making or causing to be made telephone sales solicitation calls to any residential subscribers in this state who have given timely and proper notice to the Authority of their objection to receiving telephone solicitations. Tenn. Code Ann. § 65-4-405(f) authorizes the Authority to initiate proceedings relative to violations of the Do-Not-Call statutes and the TRA rules and regulations (Tenn. Comp. R. & Regs. 1220-4-11-.01 *et seq.*) promulgated pursuant to the Do-Not-Call statutes. "Such proceedings may include without limitation proceedings to issue a cease and desist order, to issue an order imposing a civil penalty up to a maximum of two thousand dollars (\$2,000) for each knowing violation and to seek additional

relief in any court of competent jurisdiction.” Tenn. Code Ann. § 65-4-405(f).

Between June 19, 2001 and July 27, 2001, the CSD received eight (8) separate complaints against AIM from Tennessee consumers whose residential telephone numbers were properly and timely registered on the Tennessee Do-Not-Call Register. During the investigation of these complaints, the CSD determined that AIM had caused telephone solicitations to be made to Tennessee residential telephone subscribers without registering as a telephone solicitor and obtaining the Tennessee Do-Not-Call Register, in violation of Tenn. Code Ann. § 65-4-401 and Tenn. Comp. Rules & Reg. 1220-4-11-.04(1). AIM faced a maximum fine of eighteen thousand (\$18,000) dollars for these nine (9) violations of Tenn. Code Ann. § 65-5-401 *et seq.*

The proposed Settlement Agreement was negotiated as the result of the CSD’s investigation into the complaints against AIM. In negotiating the terms and conditions of this Settlement Agreement, the CSD took into consideration Tenn. Code Ann. § 65-4-116(b), which provides:

In determining the amount of the penalty, the appropriateness of the penalty to the size of the business of the person, firm or corporation charged, the gravity of the violation and the good faith of the person, firm or corporation charged in attempting to achieve compliance, after notification of a violation, shall be considered. The amount of the penalty, when finally determined, may be deducted from any sums owing by the state to the person, firm or corporation charged or may be recovered in a civil action in the courts of this state.

The executive offices of AIM, a company employing approximately five hundred workers nationwide, are located in Dallas, Texas. Once AIM received notice of the complaints, it cooperated fully with the CSD’s investigation and ceased all telemarketing activity in Tennessee until it registered as a telephone solicitor on August 27, 2001 and thereafter obtained the Do-Not-Call register from the Authority as required by Tenn. Comp. Rules & Reg. 1220-4-11-.04(1). As a part of the Settlement Agreement, AIM agreed to pay to the Authority the

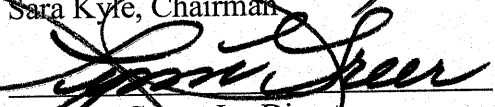
amount of twelve thousand dollars (\$12,000) within fifteen (15) days of the date the Directors approve the Settlement Agreement.

A representative of AIM appeared at the Authority Conference on February 5, 2002. Following a discussion with the parties and a review of the Settlement Agreement, the Directors voted unanimously to accept and approve the Settlement Agreement.

**IT IS THEREFORE ORDERED THAT:**


1. The Settlement Agreement, attached hereto as Exhibit A, is accepted and approved and is incorporated into this Order as if fully rewritten herein.
2. AIM shall pay the amount of twelve thousand dollars (\$12,000) into the Public Utilities Account of the TRA within fifteen (15) days of the date the Settlement Agreement is approved by the Directors.<sup>1</sup>
3. Upon payment of the amount of twelve thousand dollars (\$12,000), AIM is excused from further proceedings in this matter, provided that, in the event of any failure on the part of AIM to comply with the terms and conditions of the Settlement Agreement, the Authority reserves the right to re-open this docket.

  
Sara Kyle, Chairman

  
H. Lynn Greer, Jr., Director

  
Melvin J. Malone, Director

ATTEST:

  
K. David Waddell, Executive Secretary

<sup>1</sup> AIM paid the full amount of the settlement to the Authority on February 11, 2002.

# THE TENNESSEE REGULATORY AUTHORITY

## AT NASHVILLE, TENNESSEE

IN RE:	)		
	)		
ALLEGED VIOLATIONS OF TENN.	)	TRA DOCKET NO.	01-00916
CODE ANN. §65-4-401 <i>et seq.</i> , DO-NOT-	)		
CALL SALES SOLICITATION LAW,	)	DO-NOT-CALL	T01-00375
AND RULES OF TENNESSEE	)	PROGRAM	T01-00382
REGULATORY AUTHORITY, CHAPTER	)	FILE NUMBERS	T01-00387
1220-4-11, BY:	)		T01-00388
	)		T01-00397
	)		T01-00413
ADVANTAGE INVESTORS MORTGAGE	)		T01-00426
CORPORATION	)		T01-00462

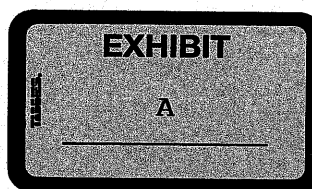
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### SETTLEMENT AGREEMENT

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This Settlement Agreement has been entered into between the Consumer Services Division ("CSD") of the Tennessee Regulatory Authority ("TRA") and Advantage Investors Mortgage Corporation ("Advantage" or the "Company"). This Settlement Agreement is subject to the approval of the Directors of the TRA.

This Settlement Agreement pertains to eight (8) separate complaints received by the CSD alleging that Advantage violated the Tennessee Do-Not-Call Telephone Sales Solicitation law, TENN. CODE ANN. § 65-4-404, and TENN. COMP. R. & REGS. 1220-4-11.07(1), by knowingly making or causing to be made telephone sales solicitation calls to eight (8) residential subscribers in this state who had given timely and proper notice to the TRA of their objection to receiving telephone solicitations. CSD provided the Advantage office in Reston, Virginia with notice of these complaints via certified mail on June 25, July



10, July 12 and July 27, 2001. The CSD determined to provide such notice at the Advantage office in Reston, Virginia because the toll-free telephone number provided in each of the solicitation calls terminated at that office. At the time these calls were made, Advantage was not registered in the Tennessee Do-Not-Call Program.

TENN. CODE ANN. § 65-4-405(f) authorizes the TRA to assess penalties for violations of the Tennessee Do-Not-Call statutes, including the issuance of a cease and desist order and the imposition of a civil penalty of up to a maximum of two thousand dollars (\$2,000) for each knowing violation. The maximum fine faced by Advantage in this proceeding is eighteen thousand dollars (\$18,000), arising from the eight (8) complaints and the failure to register in the Do-Not-Call Program. CSD relied upon the factors stated in TENN. CODE ANN. § 65-4-116(b) during the negotiations which resulted in this agreement, including Advantage's size, financial status, and good faith and the gravity of the violations.

Advantage is a company employing approximately five hundred workers nationwide. Its executive office is located in Dallas, Texas. During the investigation, Advantage demonstrated its good faith by registering as a telephone solicitor with the TRA on August 27, 2001, three days after its in-house counsel received notice of the violations. Advantage informed the CSD that it would have responded immediately after receiving notice of the first violations and ceased any subsequent solicitations, but an employee in its Reston office forwarded the notice to the president of Sound Media Group and Sound Media Group d/b/a Dominion Sales & Marketing (hereinafter "Sound Media"), the firm

conducting Advantage's telemarketing services, rather than to Advantage's executive office in Texas.

In an effort to resolve these eight (8) complaints, represented by the file numbers above, CSD and Advantage agree to settle this matter based upon the following acknowledgements and terms subject to approval by the Directors of the TRA:

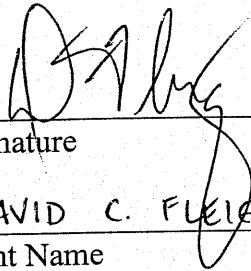
1. Advantage neither admits nor denies that the eight (8) complaints against it are true and valid complaints and are in violation of TENN. CODE ANN. §65-4-404 and TENN. COMP. R. & REGS. 1220-4-11.07(1).
2. Advantage has been registered with the TRA as a telephone solicitor since August 27, 2001 and obtains a monthly copy of the Do-Not-Call Register.
3. After receiving notice of the complaints that are the subject of this agreement, in-house counsel for Advantage acted in a cooperative manner by immediately contacting CSD and expressing an interest in settling the complaints.
4. Advantage agrees to a settlement payment of twelve thousand dollars (\$12,000.00) as authorized by TENN. CODE ANN. §65-4-405(f), and agrees to remit that amount to the TRA within fifteen (15) days of the date the Directors of the TRA approve this Settlement Agreement. Upon payment of the amount of twelve thousand dollars (\$12,000.00) in compliance with the terms and conditions of this Settlement Agreement, Advantage is excused from further proceedings in this matter.
5. Advantage agrees to comply with all provisions of the Tennessee Do-Not-Call Telephone Sales Solicitation law and regulations. The Company voluntarily subscribed

to the TRA's Do-Not-Call Register and now has in place policies and procedures designed to prevent calls to Tennessee residents listed on the Do-Not-Call Register.

6. Advantage agrees that a designated representative will attend the Authority Conference at which the Directors will consider this Settlement Agreement.
7. In the event of any failure on the part of Advantage to comply with the terms and conditions of this Settlement Agreement, the Authority reserves the right to re-open this docket for the purpose of securing compliance and enforcing the Settlement Agreement. Any costs incurred in enforcing the Settlement Agreement shall be paid by Advantage.
8. As of the date of this Agreement, the parties are not aware of calls to persons on the TRA Do-Not-Call Register for the purpose of soliciting business for Advantage, other than the complaints set forth in this Agreement. The TRA and Advantage agree that upon payment of the \$12,000.00 set forth herein to the TRA, all claims that the TRA could otherwise bring against Advantage for any calls made prior to November 1, 2001 will automatically be fully compromised and settled.

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Eddie Roberson  
Chief, Consumer Services Division  
Tennessee Regulatory Authority

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Date

  
\_\_\_\_\_  
Signature

DAVID C. FLEIG  
\_\_\_\_\_  
Print Name

CEO  
\_\_\_\_\_  
Print Title

Advantage Investors Mortgage Corporation

1/10/02  
\_\_\_\_\_  
Date